SASKATCHEWAN
TRANSPORTATION COMPANY

1990 Annual Report

Salute to Excellence

The fate of any company is determined by its performance in the marketplace. To this extent, every employee must be responsive to the approaches necessary for Saskatchewan Transportation Company to effectively identify, meet and exceed its customers' needs at an acceptable rate of return.

In 1990, STC's team of 324 employees and 265 agents moved into the decade with rededication to provide the people of Saskatchewan with friendly and efficient service. Each one of our employees is critical to our success and we are confident their continued commitment to excellence will significantly contribute to Saskatchewan Transportation Company's future accomplishments and success.

Saskatchewan Transportation Company recognizes and salutes the following employees and agents upon reaching milestone years of service in 1990:

25th Anniversary:	John Kuc, Agent, Moose Jaw Bob Lowenberger, Express Services Supervisor, Regina Kenneth Willy, Agent, Turtleford
40th Anniversary:	Wilf Vellacott, Agent, Wadena

Sincere appreciation is also extended to the following employees, who retired in this fiscal year, for their years of valued service to the Company:

Benjamin Campbell
Baggage & Express Agent, Saskatoon Depot
April 26, 1955 – April 29, 1990

George F. Podratz
Service Supervisor, Saskatoon Garage
May 20, 1976 – January 31, 1990

Special recognition is also due to Danny Sexsmith for safely driving more than two million miles and to the following fifteen motor coach operators who have driven over one million accident free miles:

Bill Allen
Jerry Beblow
Winston Henderson
Dale Paisley
Ed Pastuch
Lloyd Surkan
Grant Wagner
Murray Berthold
Taylor Hoenmans
Wally Johnson
Lyle King
Dennis Kresier
Maurice Turcotte
George Wallace
Garnet Johnstone

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Letter of Transmittal

April 8, 1991

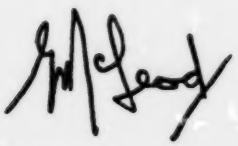
To Her Honour
Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of the
Province of Saskatchewan

Madam:

I have the honour to submit herewith the Annual Report of the Saskatchewan Transportation Company for the year ended October 31, 1990, in accordance with The Crown Corporations Act, 1978. The Financial Statements are in the form approved by the Treasury Board and have been duly certified by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,



George McLeod
Minister Responsible
Saskatchewan Transportation Company

Chairman's Report

Moving into the 90's, the Company implemented a new image that provided a Saskatchewan identity in both its logo and colour scheme. The fleet was upgraded and new passenger and parcel express programs were introduced. This demonstrated the Company's long term commitment of providing a link between rural and urban Saskatchewan.

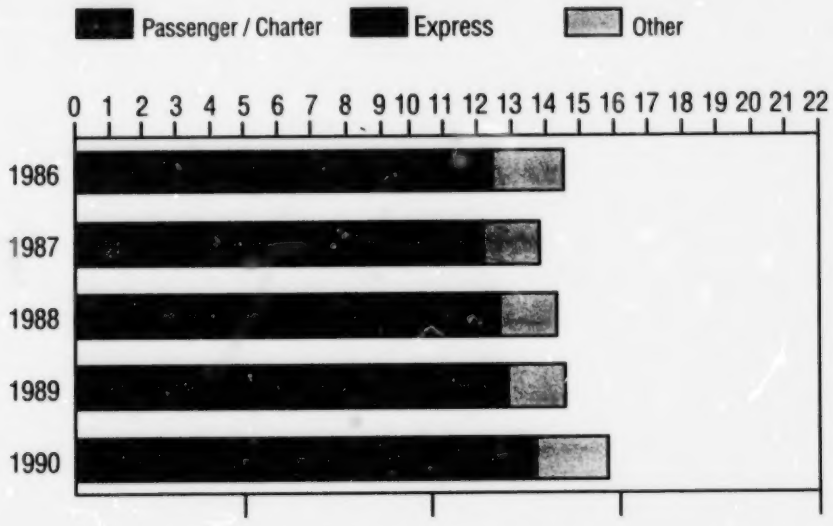
These changes also led to moderate revenue increases in all aspects of our business. Total revenues were up $1.5 million or 10.5% of which $1.3 million of this increase was attributable to scheduled services and charters.

The implementation of the new image, establishment of Satellite Express Depots, and the purchase of new equipment were the major contributing factors to the $2.3 million or 12.1% increase in total expenses.

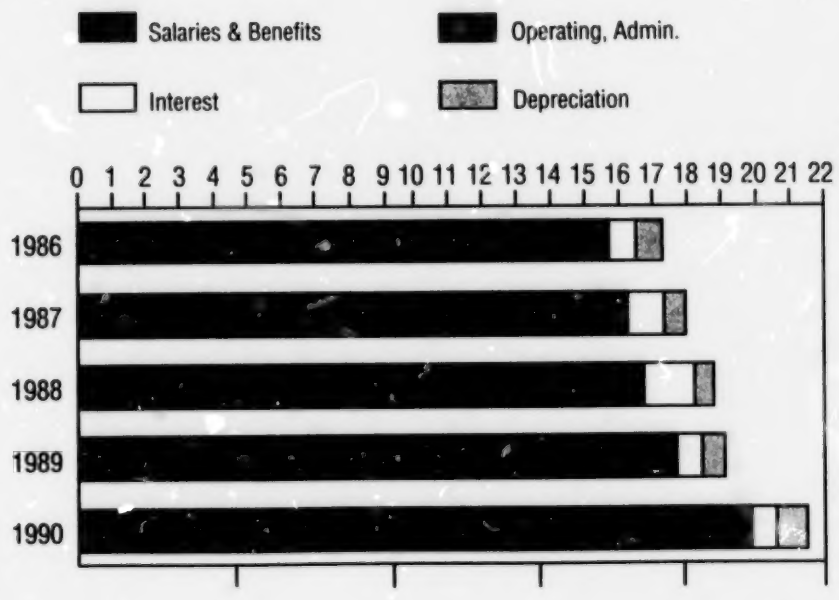
I would like to thank our employees and commissioned agents for a job well done during the past year. A special thanks is extended to Jack Sutherland for his tenure as Acting President and to the Board of Directors for their guidance during a year that proved most challenging.

William Rudichuk
Chairman

Saskatchewan Transportation Company
Components of Revenue ($ millions)



Saskatchewan Transportation Company
Components of Expense ($ millions)



Five Year Statistical Profile (unaudited)

	1989-90	1988-89	1987-88	1986-87	1985-86
Revenues (000's)					
Scheduled Service	$13,153	$12,054	$11,783	$11,290	$11,756
Other	3,063	2,622	2,499	2,428	2,723
Total:	$16,216	$14,676	$14,282	$13,718	$14,479
Expenses (000's)					
Operating & Administration	$19,604	$17,862	$16,915	$16,357	$15,794
Interest	885	552	1,418	898	704
Depreciation	1,066	817	788	781	794
Total:	$21,555	$19,231	$19,121	$18,036	$17,292
Net Loss (000's)	$5,339	$4,555	$4,839	$4,318	$2,813
Property And Equipment (000's)	$13,353	$10,830	$10,114	$10,374	$11,077
Miles Operated (000's)					
Scheduled Miles	5,079	5,084	5,038	5,079	5,140
Other	551	376	383	427	385
Total:	5,630	5,460	5,421	5,506	5,525
Route Passengers					
Number Carried (000's)	648	642	648	656	697
Passenger Miles (000's)	69,172	68,493	69,721	70,724	75,051
Coach Statistics					
Number of Coaches	67	62	62	62	62
Miles / Coach	86,681	88,067	87,436	88,805	89,112
Average Age of Fleet	9.8	12.1	11.1	10.1	9.1
Number of Employees	324	302	308	298	305
Salaries, Wages & Benefits (000's)	$10,731	$10,583	$10,316	$10,098	$ 9,981

Saskatchewan Transportation Company
Board of Directors
As of October 31, 1990

William G. Rudichuk, Chairman
Regina

Honourable G.M. McLeod, Vice-Chairman
Regina

Daryl Huber
Lipton

David Kimber
Melfort

Leona Huxley
Maidstone

Helen Crich
Saskatoon

Clinton Ranger
Leask

Hilda Hildebrandt
Limerick

Danny Keshane
Kamsack

Ian Disbery, Secretary to the Board
Regina

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the statement of financial position of Saskatchewan Transportation Company as at October 31, 1990 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at October 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Chartered Accountants
Regina, Canada
February 13, 1991

Saskatchewan Transportation Company
Statement of Financial Position

	October 31 1990	1989
	($000's)	
ASSETS		
Current Assets		
Accounts Receivable	$2,246	$1,930
Inventories	781	592
Prepaid Expenses	151	203
	3,178	2,725
Property and Equipment (note 1)	13,353	10,830
	$16,531	$13,555
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Bank Indebtedness	$ 510	$1,035
Accounts payable and accrued liabilities	3,041	2,944
Notes Payable (note 2)	8,353	2,960
	11,904	6,939
Province of Saskatchewan's Equity		
Equity advances (note 3)	33,985	30,635
Deficit	(29,358)	(24,019)
	4,627	6,616
	$16,531	$13,555

Approved by the Board:

Director

Director

Saskatchewan Transportation Company
Statement of Operations and Deficit

	Year Ended October 31	
	1990	1989
	($000's)	
REVENUE		
Transportation Services	$15,581	$14,113
Other Revenues	635	563
	16,216	14,676
EXPENSES		
Operating	15,374	14,428
Administration	4,230	3,434
Depreciation	1,066	817
Interest	885	552
	21,555	19,231
LOSS FOR THE YEAR	5,339	4,555
DEFICIT AT BEGINNING OF YEAR	24,019	19,464
DEFICIT AT END OF YEAR	$29,358	$24,019

Saskatchewan Transportation Company
Statement of Changes in Financial Position

	Year Ended October 31	
	1990	1989
	($000's)	
CASH PROVIDED BY (USED FOR) OPERATIONS		
Loss for the year	($5,339)	($4,555)
Items not involving cash		
Depreciation	1,066	817
Change in non-cash operating working capital	(356)	393
	(4,629)	(3,345)
INVESTMENTS		
Additions to property and equipment	(3,603)	(1,533)
Proceeds on Disposal	14	
	(3,589)	(1,533)
FINANCING		
Increase (decrease) in notes payable	5,393	(7,860)
Increase (decrease) in loans payable		(6,326)
Increase in Crown Management Board of Saskatchewan equity advances	3,350	19,000
	8,743	4,814
INCREASE (DECREASE) IN CASH POSITION	525	(64)
CASH POSITION AT BEGINNING OF YEAR	(1,035)	(971)
CASH POSITION AT END OF YEAR	($510)	($1,035)

Notes to Financial Statements
Year Ended October 31, 1990

GENERAL

The Saskatchewan Transportation Company was established in 1946 by Order in Council #168 to act as a common carrier providing passenger service transportation, parcel express and freight services. The Company is continued under the Crown Corporations Act, 1978.

The accounts of the Company are consolidated in the annual financial statements of the Crown Management Board of Saskatchewan (CMB).

The Company is a Provincial Crown corporation and therefore not subject to Federal or Provincial income tax.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories of vehicle parts and supplies are stated at the lower of average cost or replacement cost.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for betterments, such as major refurbishments and structural repairs, are capitalized. Normal maintenance, such as engine and drivetrain repairs or replacement, mechanical repairs and preventive maintenance, are expensed as incurred.

Depreciation

Depreciation is provided from the date assets are put into service and is recorded on the straight-line basis at rates designed to depreciate the cost of the fixed assets over their estimated useful lives after considering salvage values. Annual depreciation rates are as follows:

Buildings	2.5% to 10%
Coach Equipment	11.1%
Other Equipment	10.0% to 20%

1. PROPERTY AND EQUIPMENT

	1990			1989
(Thousands of Dollars)	Cost	Accumulated Depreciation	Net	Net
Land	$ 1,772	$ —	$ 1,772	$ 1,772
Buildings	8,515	2,314	6,201	6,101
Coach Equipment	10,756	6,080	4,676	2,018
Equipment under Capital Lease	278	237	41	128
Other Equipment	1,572	909	663	811
	$22,893	$ 9,540	$13,353	$10,830

The Company has a commitment to purchase motorcoaches at a cost of approximately $4,246,000.

2. NOTES PAYABLE

The notes payable are comprised of the principal sum of a note payable to CMB bearing an effective interest rate of 12.45%. (1989 – Bankers' Acceptances stated net of discount with a maturity value of $3,000,000 bearing effective interest rates of 12.75% to 12.85%).

By Order in Council 615/90 dated June 27, 1990, the Company is authorized to borrow up to $500,000 from external sources and a further $9,500,000 from CMB to meet its ongoing working capital and financing requirements. Subsequent to year-end, funding for the Company's 1990/91 operating and capital budgets was provided by Order in Council 193/91 dated March 13, 1991, which increased the Company's Line of Credit with CMB to $22,200,000.

3. EQUITY ADVANCES

During the year the Company received further equity advances in the amount of $3,350,000. Equity advances received from CMB are intended as long-term equity for the Company. The equity advances are non-interest bearing and are repayable at the discretion of CMB.

4. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

The change in non-cash operating working capital is comprised of the following items:

(Thousands of dollars)	1990	1989
Cash provided by (used for):		
Accounts Receivable	$ (316)	$ 294
Inventory	(189)	(31)
Prepaid Expenses	52	(61)
Accounts Payable and accrued liabilities	97	191
	$ (356)	$ 393

5. PENSION PLANS

The Company participates in two pension plans. One is the STC Employees Superannuation Plan, established pursuant to the Public Service Superannuation Act, and is a defined benefit plan. The other is the Crown Investments Corporation of Saskatchewan Pension Plan, which is a defined contribution plan. Employees hired after September 1, 1980 are all participants in the defined contribution plan.

The Company's financial obligations to each of the plans are limited to making regular payments to match the amounts contributed by the employees for current service.

6. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Company is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

7. CONTINGENCIES

The Company will be monitoring upcoming legal proceedings against certain former executives and suppliers of the Company. The proceedings arise from alleged irregularities between these parties in the conduct of the Company's business.

The effect of these alleged irregularities on the Company's financial statements, if any, and financial claims by or against the Company that may result from the Court's findings, cannot be determined at this time.

1990 Route Map